

Financial Assurance Review

Facility Name: Sunoco Logistics Partners L.P.

EPA ID Number: PAD 980 550 594

EPA Reviewer: Rachel Mirro

Date: 9/12/2017

Review Fiscal Year: 2017

Date package submitted to EPA by state: 4/10/2017

Date submitted to the State (fiscal review year): 3/30/2017

Type of Financial Assurance used for this fiscal year instrument:

Financial Test	<input type="checkbox"/>	Surety Bond	<input type="checkbox"/>
Trust Fund	<input type="checkbox"/>	Corporate Guarantee	<input checked="" type="checkbox"/>
Letter of Credit	<input type="checkbox"/>	Insurance	<input type="checkbox"/>

How did the facility demonstrate compliance?

- Cost Estimate for Closure: \$421,357; Post Closure -\$13,076,737; Sudden & Non-Sudden Liability Coverage – \$8,000,000
- Closure and Liability Coverage
 - o Letter from the Chief Financial Officer (CFO Letter)-3/30/2017
 - Includes the facility information and includes a passing Alternative II to demonstrate Sunoco Logistics Partners L.P. can cover the cost estimates.
 - o 2016 Auditors Statement (10-K)
 - Includes financial information that has been used in the Surety Bond. Copy in file
 - o "Special Report"- Report of Independent Certified Public Accountants-3/30/2017
 - Verifies the information in the Surety Bond with the Financial Report. All associated findings were "found to be in agreement".
 - o "CPA Audit report" - Report of Independent Registered Public Accounting Firm-2/24/2017
 - Included in Audited Financial report, pg. 72

Is the financial assurance mechanism sufficient for the fiscal year?

- No, the Corporate Guarantee (CG) filed for PAD980550594 was not under the correct owner/operator and therefore does not reflect the current ownership of the facility.
- Records also indicate that Sunoco's liability insurance coverage for the Marcus Hook facility expired on 3/31/2013 and the bonds have not been updated since 2012.
- EPA completed the evaluation for EPA ID PAD980550594 on 9/11/2017, and determined that the facility has insufficient FA for FY17.

State's Financial Assurance Documentation

- On 8/10/2016 a letter was sent to Sunoco, from PADEP staff member Laura Henry, requesting necessary corrections be made by the facility to ensure appropriate FA as part of the permitting process.
- PADEP also requested a meeting be held with all involved parties to discuss the appropriate path forward.
- Meeting minutes for 9/26/2016 were recorded by PADEP, along with a timeline of events from 2004 until the meeting date, that document major milestones as it relates to the referred facility.
- During the 9/26/2016 meeting, attended by PADEP, Sunoco Inc., Evergreen Resources Management Operations, and EPA staff members, the facility requested a permit modification for the facility to transfer ownership to a new PAD ID number and have the operator, Evergreen Resources Management, keep the old PAD ID number.

- On 3/30/2017, Sunoco Logistics Partners L.P. requested Hazardous Waste Financial Assurance by issuing a CFO letter, Special Report, and a CPA Audit Report to PADEP that demonstrates financial responsibility under subpart G of 40 CFR parts 264 and 265.
- Sunoco Partners Marketing & Terminals L.P. also submitted a Guaranty and Suretyship Agreement to PADEP on 3/30/2017 securing \$21,498,094 for ID number PAD980550594.
- No additional follow-up documentation has been provided since the request issued on 3/30/2017, however, PADEP indicates that the facility is still operating in non-compliance with permit and FA regulations.

Special Consideration

Due to ongoing complications associated with the transfer of ownership between Sunoco partnerships and filing of appropriate FA under PAD980550594, EPA recommends this facility undergo a secondary FA review in FY18. The secondary review will allow EPA and PADEP to revisit any items undetermined at the time of the FY17 review and also provide support to PADEP, who recently acquired a vacancy in their FA department after the departure of staff member Kiah DeSarro in May 2017.

Email Correspondence attached to file.